

**ASSEMBLY BILL**

**No. 1215**

**Introduced by Assembly Member Vargas**

February 21, 2003

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An act to add Section 1871.15 to the Insurance Code, relating to insurance.

LEGISLATIVE COUNSEL'S DIGEST

AB 1215, as introduced, Vargas. Workers' compensation: fraud detection.

Existing law provides for the identification, investigation, and prosecution of workers' compensation fraud and the willful failure to secure payment of workers' compensation by the Bureau of Fraudulent Claims of the Department of Insurance and local law enforcement agencies.

Under existing law, insurers and their agents, while investigating suspected fraud claims, have access to all relevant public records that are required to be open for inspection.

This bill would authorize an insurer that provides workers' compensation insurance, and the insurer's authorized agents and representatives, to have access to quarterly wage and withholding reports filed by its insured employers with the Employment Development Department if, among other conditions, the information is used for the sole purpose of detecting workers' compensation insurance fraud on the part of employers and the employer consents in writing. The bill would authorize the Employment Development Department to charge a fee for providing the reports.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. Section 1871.15 is added to the Insurance Code,  
2 to read:  
3 1871.15. (a) An insurer that provides workers'  
4 compensation insurance, and the insurer's authorized agents and  
5 representatives, shall have access to quarterly wage and  
6 withholding reports filed by the insurer's insured employers with  
7 the Employment Development Department if all of the following  
8 conditions are met:  
9 (1) The information is used for the sole purpose of detecting  
10 workers' compensation insurance fraud on the part of employers.  
11 (2) The information is not provided to any party other than the  
12 insurer or the insurer's authorized agents and representatives.  
13 (3) The employer provides permission in writing and the  
14 permission is limited to the period of time that the employer is  
15 insured.  
16 (b) The Employment Development Department may charge  
17 workers' compensation insurers or their authorized agents and  
18 representatives a fee not to exceed the actual cost of providing the  
19 quarterly wage and withholding reports.

